

I

98TH CONGRESS
1ST SESSION

H. R. 2782

To amend the Defense Production Act of 1950 to revitalize the defense industrial base of the United States.

IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 1983

Mr. LAFALCE (for himself, Mr. MCKINNEY, Mr. ST GERMAIN, Mr. LUNDINE, Mr. VENTO, Mr. D'AMOURS, Ms. OAKAR, Mr. MINISH, Mr. FAUNTROY, Mr. SCHUMER, Mr. COYNE, Mr. MORRISON of Connecticut, Ms. KAPTUR, Mr. LEVIN of Michigan, Mr. TORRES, Mr. WORTLEY, Mr. GARCIA, Mr. FRANK, and Mr. ANNUNZIO) introduced the following bill; which was referred jointly to the Committees on Banking, Finance and Urban Affairs and Education and Labor

A BILL

To amend the Defense Production Act of 1950 to revitalize the defense industrial base of the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SHORT TITLE

4 SECTION 1. This Act may be cited as the "Defense In-
5 dustrial Base Revitalization Act".

26

1 **TITLE I—INDUSTRIAL MODERNIZATION AND**
2 **STRATEGIC AND CRITICAL MATERIALS**

3 **SEC. 101.** Title III of the Defense Production Act of
4 1950 (50 U.S.C. App. 2091 et seq.) is amended by inserting
5 after section 303 the following:

6 **“FINDINGS AND PURPOSE**

7 **“SEC. 303A. (a)** The Congress hereby finds, with re-
8 spect to section 303B, that—

9 **“(1)** the national defense and economic health of
10 the United States depend upon the continuous mainte-
11 nance of a strong and modern industrial base and the
12 uninterrupted access to those critical and strategic ma-
13 terials needed to supply such base;

14 **“(2)** in recent years, several important industries,
15 representing a significant portion of our Nation's
16 second and third tier defense industrial base, have
17 either virtually shut down or have substantially re-
18 duced their production capacity;

19 **“(3)** a major factor in the decline of this part of
20 our national defense industrial base has been the inabil-
21 ity of small- and medium-sized businesses to obtain
22 access to sufficient capital to remain competitive in the
23 face of increasing foreign competition;

24 **“(4)** as a result, important segments of the United
25 States defense industrial base are now characterized by

1 declining productivity, aging facilities and machinery,
2 and a high degree of import penetration; and

3 “(5) at the same time, the United States has also
4 found itself increasingly and dangerously dependent
5 upon foreign sources for critical and strategic materials
6 necessary to our defense capability.

7 “(b) It is the purpose of section 303B to strengthen the
8 capability and capacity of the Nation’s defense industrial base
9 by assisting in the process of capital investment in certain
10 small- and medium-sized businesses vital to our defense pre-
11 paredness, and by encouraging the expansion of domestic
12 production, processing, and conservation of strategic and
13 critical materials.

14 “INDUSTRIAL MODERNIZATION AND STRATEGIC AND
15 CRITICAL MATERIALS

16 “SEC. 303B. (a)(1) The President, utilizing the types of
17 financial assistance specified in sections 301, 302, and 303,
18 and any other authority contained in this Act, shall take im-
19 mediate action to assist in the modernization, improvement,
20 and expansion of productive capacity of industries in the
21 United States which are necessary to the manufacture or
22 supply of national defense materials which are required for
23 the national security or are likely to be required in a time of
24 emergency or war.

1 “(2) Such assistance shall be provided only to small- and
2 medium-sized businesses, as defined by the Secretary of
3 Commerce, unless the President determines that the interests
4 of national defense require an exception to this limitation.

5 “(3) The financial assistance provided under this subsec-
6 tion shall, to the greatest extent possible, be made available
7 to small independently owned and operated businesses.

8 “(b)(1) The Secretary of Defense, in consultation with
9 the Secretary of Commerce, shall—

10 “(A) determine immediately, and semiannually
11 thereafter, those industries which should be given pri-
12 ority in the awarding of financial assistance under sub-
13 section (a);

14 “(B) determine the type and extent of financial
15 assistance which should be made available to each such
16 industry; and

17 “(C) with respect to the industries specified pursu-
18 ant to subparagraph (A), indicate those proposals, re-
19 ceived under subsection (d), which should be given
20 preference in the awarding of financial assistance under
21 subsection (a) based on a determination that such pro-
22 posals offer the greatest prospect for improving produc-
23 tivity and quality, and for providing materials which
24 will reduce the Nation’s reliance on imports.

1 “(2) Each proposal shall include a financial plan which
2 specifies how the assistance offered under this section shall
3 be used to insure that the company involved, by receiving
4 such financial assistance, will become more economically
5 viable in the future.

6 “(c)(1) The President shall extend assistance under sec-
7 tions 301, 302, and 303, and any other authority contained
8 in this Act, to persons engaged in the expansion of the do-
9 mestic capability and capacity to produce or process critical
10 and strategic metals, minerals, and materials, including—

11 “(A) the conservation, substitution, and recycling
12 of such metals, minerals, and materials; and

13 “(B) the development of processes, alternate prod-
14 uct designs and material selection systems, which
15 lessen or obviate the need for such critical and strate-
16 gic metals, minerals, and materials.

17 “(2) The President shall exercise the authority granted
18 under this subsection in consultation with the Secretary of
19 Defense, the Secretary of the Interior, the Secretary of Com-
20 merce, and the Director of the Federal Emergency Manage-
21 ment Agency.

22 “(d) The President, in extending assistance under sub-
23 sections (a) and (c), shall extend such assistance on the basis
24 of proposals submitted in response to a series of public solici-
25 tations, the first of which shall be issued by the President

1 within ninety calendar days following the date of the enact-
2 ment of this section.

3 “(e)(1) Any contract for financial assistance which is
4 awarded under subsection (a) or (c) and which utilizes finan-
5 cial assistance through purchase agreements specified in sec-
6 tion 303 shall provide that the President has the right to
7 refuse delivery of the items specified in such contract and to
8 pay the person involved an amount equal to the amount by
9 which the price for such items, as specified in the contract
10 involved, exceeds the market price, as determined by the
11 Secretary of Commerce, for such items on the delivery date
12 specified in such contract.

13 “(2) Financial assistance under subsection (a) or (c) shall
14 not be extended to assist establishments relocating from one
15 area to another or to assist persons whose purpose is to
16 divest, or whose economic success is dependent upon divest-
17 ing, other persons of contracts theretofore customarily per-
18 formed by them, except that such limitation shall not be con-
19 strued to prohibit such financial assistance for the expansion
20 of an existing business entity through the establishment of a
21 new branch, affiliate, or subsidiary of such business entity if
22 the President finds that the establishment of such branch,
23 affiliate, or subsidiary will not result in an increase in unem-
24 ployment in the area of original location or in any other area
25 where such entity conducts business operations, unless the

1 President has reason to believe that such branch, affiliate, or
2 subsidiary is being established with the intention of closing
3 down the operations of the existing business entity in the
4 area of its original location or in any other area where it
5 conducts such operations.

6 “(f)(1)(A) There are authorized to be appropriated to
7 carry out the provisions of subsections (a), (b), and (c) not to
8 exceed—

9 “(i) \$400,000,000 for fiscal year 1984;

10 “(ii) \$600,000,000 for fiscal year 1985; and

11 “(iii) \$800,000,000 for fiscal year 1986.

12 “(B) Such sums shall remain available until expended.

13 “(2)(A) In the use of loan guarantees, price guarantees,
14 and direct loans as Federal financial incentives to accomplish
15 the objectives of this section, the President may utilize the
16 borrowing authority of the Treasury to the extent that the
17 estimated ultimate net cost of such incentives to the Govern-
18 ment does not exceed the total of appropriations made by the
19 Congress to carry out the provisions of subsections (a), (b),
20 and (c). Such estimates shall be based upon the past experi-
21 ence of the actual costs of Federal financial incentives under
22 this Act and related expenses.

23 “(B) The use of loan guarantees, price guarantees, and
24 direct loans under this section and the use of the borrowing
25 authority of the Treasury under this subsection shall be effec-

1 tive for any fiscal year only to such extent or in such amounts
2 as are provided in advance in appropriation Acts.”.

3 TITLE II—DEFENSE-RELATED SKILL TRAINING
4 AND EDUCATION

5 SEC. 201. Title III of the Defense Production Act of
6 1950 (50 U.S.C. App. 2091 et seq.) is amended by inserting
7 after section 303B, as added by title I of this Act, the follow-
8 ing:

9 “FINDINGS AND PURPOSE

10 “SEC. 303C. (a) The Congress hereby finds, with re-
11 spect to sections 303D and 303E, that—

12 “(1) there is a serious shortage of trained workers
13 for many critical defense-related occupations;

14 “(2) in many such occupations, this labor shortage
15 will worsen as the present defense buildup gets under-
16 way;

17 “(3) this labor shortage has the potential of seri-
18 ously jeopardizing the Nation’s defense preparedness;

19 “(4) there is currently no federally focused effort
20 to remedy this threat to our national security by train-
21 ing workers specifically for critical defense-related jobs;

22 “(5) this labor shortage is occurring at the same
23 time that vast numbers of skilled and semi-skilled
24 workers have been permanently dislocated from their
25 prior occupations; and

1 “(6) there is currently inadequate assistance being
2 provided to institutions of higher education to assist
3 them in obtaining and installing the modern equipment
4 needed to train individuals for work in such occupa-
5 tions.

6 “(b) It is the purpose of sections 303D and 303E to
7 train individuals, especially dislocated workers, for jobs in
8 critical defense-related skills, as determined by the President,
9 and to provide assistance to institutions of higher education
10 to obtain and install equipment to train individuals in such
11 skills.

12 “DEFENSE-RELATED SKILLS TRAINING PROGRAM

13 “SEC. 303D. (a)(1) The President shall take immediate
14 action to develop and implement a national program to train
15 workers in skills which the President determines are neces-
16 sary in the industries identified under subsections (a), (b), or
17 (c) of section 303B, and which the President determines are
18 in short supply or are anticipated to be in short supply.

19 “(2) The Secretary of Defense, after consultation with
20 the Secretary of Labor and the National Occupational Infor-
21 mation Coordinating Committee, shall transmit to the Presi-
22 dent the recommendations of the Secretary of Defense re-
23 garding the determinations which the President is required to
24 make under paragraph (1).

1 “(b)(1) Assistance under this section shall be in the form
2 of a grant to a Governor to be allotted to a State board of
3 vocational education or other agency or agencies designated
4 in the State plan by the Governor of the State involved. Such
5 grants may be extended only if a State plan for a three-year
6 program of skills training has been submitted by the Gover-
7 nor to the President and approved by the President.

8 “(2) The President may, to the extent possible—

9 “(A) provide assistance in coordinating the State
10 plans developed under this section; and

11 “(B) provide technical assistance and support
12 services in the implementation and conduct of pro-
13 grams of skills training which are carried out under
14 this section.

15 “(c) The President, in determining the extent to which
16 State plans shall be funded, shall make use of all appropriate
17 and reasonable factors, but shall give particular emphasis
18 to—

19 “(1) the present or anticipated short supply in
20 that State of skilled workers for industries identified by
21 the President under subsection (a), (b), or (c) of section
22 303B;

23 “(2) the number of labor surplus areas in such
24 State; and

1 “(3) the extent to which the State plan is de-
2 signed to train dislocated workers for skilled occupa-
3 tions in such industries which are presently in short
4 supply or anticipated to be in short supply upon the
5 completion of such training.

6 “(d) The President shall not approve for funding any
7 State plan unless—

8 “(1) the State plan has been developed with rep-
9 resentatives of the management and workers of the in-
10 dustries involved and with public and private educa-
11 tional institutions of the State;

12 “(2) the State plan includes on-the-job training,
13 vocational, and other institutional training programs;

14 “(3) the State plan is designed to ensure meaning-
15 ful opportunities for participation by minorities and
16 women;

17 “(4) the Governor of the State has certified in
18 writing that the State plan will be carried out in ac-
19 cordance with the requirements of this section; and

20 “(5) such State plan includes—

21 “(A) upgrading skills training; and

22 “(B) retraining of workers in depressed in-
23 dustries, in surplus labor areas, or with occupa-
24 tional skills which might become obsolete because
25 of industrial modernization or technological ad-

1 vancement, in skills which the President deter-
2 mines under subsection (a) are necessary in the
3 industries identified under subsection (a), (b), or (c)
4 of section 303B as necessary to the manufacture
5 or supply of national defense materials which are
6 required for the national security or are likely to
7 be required in a time of emergency or war.

8 “(e) The State plan shall, where appropriate, include
9 certified apprenticeship training pursuant to an apprentice-
10 ship plan.

11 “(f) Any bona fide public or private training program
12 engaged in training workers in skills described in subsection
13 (a) shall be considered eligible to deliver such training serv-
14 ices upon written application, pursuant to a competitive proc-
15 ess, to the State board of vocational education or other
16 agency or agencies designated by the Governor of the State
17 involved under subsection (b)(1).

18 “(g) The State job training coordinating council under
19 Public Law 97-300 shall be given the opportunity—

20 “(1) to participate in the development of the plan;

21 “(2) to review the plan for thirty days prior to its
22 submission to the President; and

23 “(3) to submit written comments along with the
24 submission of the plan to the President.

1 “(h) The activities funded under this section shall not
2 duplicate facilities or services available in the area (with or
3 without reimbursement) from Federal, State, or local sources,
4 unless the plan provides evidence that alternative services or
5 facilities would be more effective or more likely to achieve
6 the objectives specified in subsection (a) of this section.

7 “(i) The plan shall contain assurances that the activities
8 funded under this section will be coordinated to the maximum
9 extent feasible with other employment-related programs in
10 the State, through joint agreements where practicable, or
11 through joint administration, with programs funded under the
12 Job Training Partnership Act to ensure maximum participa-
13 tion of eligible participants under such Act in training pro-
14 grams funded under this section, and through consultation
15 and coordination with certified apprenticeship plans, where
16 such plans are in effect, to ensure that the plan does not
17 duplicate or undermine existing certified apprenticeship pro-
18 grams.

19 “(j) The State plan shall include a certification which
20 assures the following labor training standards and require-
21 ments will be met:

22 “(1) conditions of training shall be appropriate and
23 reasonable in the light of such factors as the type of
24 work, geographical region, and proficiency of the par-
25 ticipant;

1 “(2) health and safety standards established under
2 State or Federal law, otherwise applicable to working
3 conditions of employees, shall be equally applicable to
4 working conditions of participants;

5 “(3) to the extent that a State workers’ compen-
6 sation law is applicable, workers’ compensation bene-
7 fits in accordance with such law shall be available with
8 respect to injuries suffered by participants. To the
9 extent that such law is not applicable, each recipient or
10 subrecipient of funds under this section shall secure in-
11 surance coverage for injuries suffered by such partici-
12 pants, in accordance with regulations prescribed by the
13 Secretary of Labor;

14 “(4) no currently employed worker shall be dis-
15 placed by any participant (including partial displace-
16 ment such as a reduction in the hours of nonovertime
17 work, wages, or employment benefits);

18 “(5) no program shall impair existing contracts of
19 employment;

20 “(6) no person shall be trained for a job—

21 “(A) when any other employee in the same
22 workplace or plant is on layoff from the same or
23 any substantially equivalent job; or

24 “(B) when the employer has terminated the
25 employment of any regular employee or otherwise

1 reduced its work force with the intention of filling
2 the vacancy so created by hiring a participant
3 whose training is assisted under this section;

4 “(7) recipients of funds available under this sec-
5 tion have given assurances that such funds shall not be
6 used to assist, promote, or deter union organizing;

7 “(8) no funds available under this section may be
8 used to assist, promote, or deter union organizing; and

9 “(9) no funds will be used to train workers for
10 low skilled occupations.

11 “(k) Any grant under this section shall be extended in
12 any year only after the State involved has provided a contri-
13 bution, from public or private resources, to carry out the
14 State plan in an amount equal to 10 per centum of the cost of
15 the State plan for such year.

16 “(l) Each training program under the State plan shall
17 include contributions and other types of active participation
18 during the course of training from industry or labor organiza-
19 tions or both, except that the President, upon written request
20 from a State, may exempt training programs in economically
21 depressed communities from the contribution required under
22 this paragraph.

23 “(m) A portion of a State's contribution may consist of
24 ‘in kind’ contributions of equipment, facilities, personnel, or
25 services to the extent that such ‘in kind’ contribution is uti-

1 lized in carrying out the State's plan. No such 'in kind' con-
2 tribution may include equipment acquired under section
3 303E.

4 “(n) The President shall act upon each State plan not
5 later than ninety days after the date on which such State
6 plan is received. Such action shall be based upon the recom-
7 mendations of the Secretary of Defense, the Secretary of
8 Labor, and the Secretary of Education.

9 “(o) No person shall be excluded from participation in,
10 denied the benefits of, subjected to discrimination under, or
11 denied training in the administration of or in connection with
12 any program under this section because of race, color, reli-
13 gion, sex, national origin, age, handicap, or political affili-
14 ation or belief.

15 “(p) Not more than 10 per centum of the amount of any
16 grant made under this section may be used by a State for
17 administrative expenses incurred in carrying out a State plan.

18 “(q) Assistance under this section may be used to pur-
19 chase and install equipment for training purposes. The pur-
20 chase of any such equipment shall be done by means of com-
21 petitive bidding.

22 “(r) For purposes of installing Government-owned
23 equipment pursuant to section 303(e), the term 'industrial
24 facilities', as used in such section, shall include vocational
25 schools, other schools offering technical and vocational train-

1 ing programs, and any other location in which workers are
2 trained pursuant to this section.

3 “(s) There are authorized to be appropriated to carry
4 out the provisions of this section and section 303E not to
5 exceed \$350,000,000 for each fiscal year beginning with
6 fiscal year 1984 and continuing through fiscal year 1986,
7 except that not more than \$100,000,000 is authorized to be
8 appropriated for each such fiscal year to carry out the provi-
9 sions of section 303E. All such sums shall remain available
10 until expended.

11 “DEFENSE-RELATED EQUIPMENT ASSISTANCE PROGRAM

12 “SEC. 303E. (a)(1) The President shall take immediate
13 action to develop and implement a grant program to assist
14 colleges, universities, and other institutions of higher educa-
15 tion in obtaining and installing modern equipment which shall
16 be used to train professional, scientific, and technical person-
17 nel who are needed in the industries identified under subsec-
18 tion (a), (b), or (c) of section 303B.

19 “(2) All students and faculty studying, teaching, or con-
20 ducting research at such an institution of higher education
21 shall have access to such equipment for use in accordance
22 with regulations and practices of such institution of higher
23 education.

24 “(b) Any college, university, or other institution of
25 higher education which desires to receive a grant under this

1 section may submit an application to such Federal depart-
2 ment or agency as the President shall designate. Each such
3 application shall—

4 “(1) certify the cost of purchasing and installing
5 the equipment involved; and

6 “(2) contain such other information as the Presi-
7 dent deems necessary.

8 “(c)(1) Each college, university, or other institution of
9 higher education whose application is approved under this
10 section may be required to provide a matching share of up to
11 50 per centum of the cost of purchasing and installing the
12 equipment involved.

13 “(2) The purchase of any such equipment shall be done
14 by means of competitive bidding.

15 “(d) At the discretion of the President, equipment may
16 be provided under section 303(e) to colleges, universities, and
17 other institutions of higher education. For purposes of such
18 section, the term ‘industrial facilities’ shall include colleges,
19 universities, and other institutions of higher education.

20 “GENERAL PROVISIONS

21 “SEC. 303F. (a) Any equipment or plant financed
22 through Federal assistance authorized by sections 303B
23 through 303E shall be of United States origin to the maxi-
24 mum extent practicable. Exceptions to this limitation may be

1 made whenever the Secretary of Commerce determines in
2 writing—

3 “(1) that the foreign sourcing of such equipment
4 or plant will not adversely affect the capability or ca-
5 pacity of the United States defense industrial base to
6 provide national defense materials in a time of emer-
7 gency or war; or

8 “(2) that such equipment or plant of United States
9 origin is not available and is not practicable to obtain.

10 “(b) The Comptroller General of the United States shall
11 monitor the implementation of sections 303B through 303E,
12 conduct such audits as he determines to be necessary, and
13 submit an annual report of his findings to the Congress at the
14 beginning of each session of the Congress. The first such
15 annual report shall be submitted in the year following the
16 enactment of the Defense Industrial Base Revitalization Act.

17 “(c) In order to carry out the provisions of sections
18 303B through 303E, the Office of Technology Assessment
19 shall, subject to approval of the Technology Assessment
20 Board and in a manner prescribed by section 472(d) of title 2,
21 United States Code, undertake a study of the public facilities
22 or infrastructure essential to the defense industrial base and
23 provide Congress with appropriate recommendations for in-
24 frastructure measures designed to avoid serious impediments
25 to the production and distribution of materiel.

1 “(d)(1) All laborers and mechanics employed for the
2 construction, repair, or alteration of any project funded, in
3 whole or in part, by a guarantee, loan, or grant entered into
4 pursuant to sections 303B through 303E shall be paid wages
5 at rates not less than those prevailing on projects of similar
6 character in the locality as determined by the Secretary of
7 Labor in accordance with the Act entitled ‘An Act relating to
8 the rate of wages for laborers and mechanics employed on
9 public buildings of the United States and the District of Co-
10 lumbia by contractors and subcontractors, and for other pur-
11 poses’, approved March 3, 1931 (40 U.S.C. 276a et seq.),
12 and commonly known as the Davis-Bacon Act.

13 “(2) Guaranteeing agencies shall not extend guarantees
14 and the President shall not make loans or grants for the con-
15 struction, repair, or alteration of any project unless a certifi-
16 cation is provided to the agency or the President, as the case
17 may be, prior to the commencement of construction or at the
18 time of filing an application for a loan, guarantee, or grant, if
19 construction has already commenced, that these labor stand-
20 ards will be maintained at the project.

21 “(3) With respect to the labor standards specified in this
22 subsection, the Secretary of Labor shall have the authority
23 and functions set forth in Reorganization Plan Numbered 14
24 of 1950 and section 276(c) of title 40, United States Code.

1 “(e) On October 1, 1983, and on the first business day
2 of every sixth month beginning after such date, the President
3 shall transmit a report to both Houses of the Congress listing
4 all loans, loan guarantees, and commitments for loan guaran-
5 tees which were issued under section 303B during the six
6 calendar months preceding the transmittal date of the report
7 involved.

8 “(f) Notwithstanding any other provision of sections
9 303B through 303E, no funds are authorized to be appropri-
10 ated to carry out such sections, unless all of such funds are
11 attributed to a budget function or budget allocation other
12 than one affecting or relating to education or labor, the De-
13 partment of Education or the Department of Labor, the Com-
14 mittee on Education and Labor of the House of Representa-
15 tives or the Committee on Labor and Human Resources of
16 the Senate, or any subcommittee of the Committee on Appro-
17 priations of either House primarily responsible for appropri-
18 ations for education or labor.

19 “(g) For purposes of sections 303A through 303E—

20 “(1) the term ‘apprenticeship plan’ means a plan
21 approved by the Secretary of Labor pursuant to the
22 National Apprenticeship Act (29 U.S.C. 50 et seq.);

23 “(2) the term ‘State’ means any of the several
24 States, the District of Columbia, the Commonwealth of
25 Puerto Rico, Guam, the Virgin Islands, the Northern

1 Mariana Islands, American Samoa, the Trust Territory
2 of the Pacific Islands, or any other territory or posses-
3 sion of the United States; and

4 “(3) the term ‘United States’ means the several
5 States, the District of Columbia, the Commonwealth of
6 Puerto Rico, Guam, the Virgin Islands, the Northern
7 Mariana Islands, American Samoa, the Trust Territory
8 of the Pacific Islands, and any other territory or pos-
9 session of the United States.”.

10 TITLE III—AMENDMENTS TO DEFENSE

11 PRODUCTION ACT OF 1950

12 SEC. 301. (a)(1) Section 2 of the Defense Production
13 Act of 1950 (50 U.S.C. App. 2062) is amended to read as
14 follows:

15 “DECLARATION OF POLICY

16 “SEC. 2. (a)(1) In view of continuing international prob-
17 lems, the Nation’s demonstrated reliance on imports of mate-
18 rials and components, and the need for measures to reduce
19 defense production lead times and bottlenecks, and in order
20 to provide for the national defense and national security, our
21 defense mobilization preparedness effort continues to require
22 the development of preparedness programs, defense industrial
23 base improvement measures, and the expansion of domestic
24 productive capacity and supply beyond the levels needed to
25 meet the civilian demand. Also required is some diversion of

1 certain materials and facilities from civilian use to military
2 and related purposes.

3 “(2) These activities are needed in order to improve de-
4 fense industrial base efficiency and responsiveness, to reduce
5 the time required for industrial mobilization in the event of an
6 attack on the United States or to respond to actions occur-
7 ring outside the United States which could result in the ter-
8 mination or reduction of the availability of strategic and criti-
9 cal materials, including energy, and which could adversely
10 affect the national defense preparedness of the United States.
11 In order to insure the national defense preparedness which is
12 essential to national security, it is also necessary and appro-
13 priate to assure the availability of domestic energy supplies
14 for national defense needs.

15 “(b)(1) In order to insure productive capacity in the
16 event of an attack on the United States, it is the policy of the
17 Congress to encourage the geographical dispersal of the in-
18 dustrial facilities of the United States in the interest of the
19 national defense, and to discourage the concentration of such
20 productive facilities within limited geographical areas which
21 are vulnerable to attack by an enemy of the United States.

22 “(2) In the construction of any Government-owned in-
23 dustrial facility, in the rendition of any Government financial
24 assistance for the construction, expansion, or improvement of
25 any industrial facility, and in the production of goods and

1 services, under this or any other Act, each department and
2 agency of the executive branch shall apply, under the coordi-
3 nation of the Federal Emergency Management Agency, when
4 practicable and consistent with existing law and the desirabil-
5 ity for maintaining a sound economy, the principle of the geo-
6 graphical dispersal of such facilities in the interest of national
7 defense. However, nothing in this paragraph shall preclude
8 the use of existing industrial facilities.

9 “(3) To ensure the adequacy of productive capacity and
10 supply, executive agencies and departments responsible for
11 defense acquisition shall continuously assess the capability of
12 the defense industrial base to satisfy near-term requirements
13 as well as increased mobilization production requirements.
14 Such assessments shall specifically evaluate the availability
15 of adequate production sources, including subcontractors and
16 suppliers, materials, and skilled labor, and professional, scien-
17 tific, and technical personnel.

18 “(4) It is the policy of the Congress that plans and pro-
19 grams to carry out this declaration of policy shall be under-
20 taken with due consideration for promoting efficiency and
21 competition.”.

22 (2) Section 101 of the Defense Production Act of 1950
23 (50 U.S.C. App. 2071) is amended by adding at the end
24 thereof the following:

1 “(d) The Secretary of Defense may not enter into any
2 contract of more than \$5,000,000 for any item of defense
3 production from any manufacturer located in the United
4 States unless that manufacturer agrees to conduct or sponsor
5 the training of personnel in skills which the President deter-
6 mines are in short supply pursuant to section 303D, if the
7 defense procurement contract will require the contractor or
8 any subcontractor of the contractor to hire additional workers
9 in any such skilled occupations, and the training of such
10 workers is critical to the timely completion of work under the
11 contract in the area in which the contract will be per-
12 formed.”.

13 (b) Section 301 of the Defense Production Act of 1950
14 (50 U.S.C. App. 2091) is amended—

15 (1) in subsection (e)(1)(A), by striking out
16 “\$38,000,000” and inserting in lieu thereof
17 “\$50,000,000”; and

18 (2) in subsection (e)(1)(B)—

19 (A) by striking out “60 days” and inserting
20 in lieu thereof “30 days”;

21 (B) by striking out “60-day period” each
22 place it appears therein and inserting in lieu
23 thereof “30-day period”;

24 (C) by inserting “(i)” after “such proposed
25 obligation and”; and

1 (D) by striking out the period at the end of
2 the first sentence thereof and inserting in lieu
3 thereof the following: "or (ii) both Houses of Con-
4 gress adopt a concurrent resolution approving
5 such obligation. If the Congress adopts such a
6 concurrent resolution, the guarantee involved may
7 be made at any time after the date on which such
8 concurrent resolution is adopted."

9 (c) Section 302 of the Defense Production Act of 1950
10 (50 U.S.C. App. 2092) is amended—

11 (1) by striking out "60 days" and inserting in lieu
12 thereof "30 days";

13 (2) by striking out "60-day period" each place it
14 appears therein and inserting in lieu thereof "30-day
15 period"; and

16 (3) in the second sentence thereof—

17 (A) by inserting "(A)" after "such proposed
18 loan and"; and

19 (B) by striking out the period at the end
20 thereof and inserting in lieu thereof the following:
21 "or (B) both Houses of Congress adopt a concur-
22 rent resolution approving such loan. If the Con-
23 gress adopts such a concurrent resolution, the
24 loan involved may be made at any time after the

1 date on which such concurrent resolution is
2 adopted.”.

3 (d) The first sentence of section 717(a) of the Defense
4 Production Act of 1950 (50 U.S.C. App. 2166(a)) is amended
5 by striking out “September 30, 1983” and inserting in lieu
6 thereof “September 30, 1986”.

7 (e) Section 720 of the Defense Production Act of 1950
8 (50 U.S.C. App. 2169) is hereby repealed.

9 (f) Section 701 of the Defense Production Act of 1950
10 (50 U.S.C. App. 2151) is amended by adding at the end
11 thereof the following:

12 “(e)(1)(A)(i) Any person signing a contract which in-
13 volves the sale of any defense article or defense service for
14 use by a nation other than the United States and which in-
15 cludes an offset agreement in excess of \$5,000,000 shall file
16 an annual report with the Secretary of the Treasury. Each
17 such report shall include the total of all offsets, classified by
18 the category of the defense material or defense services in-
19 volved, entered into by such person during the three calendar
20 years preceding the year in which such report is filed. The
21 first such annual report shall be filed with the Secretary of
22 the Treasury not later than June 1, 1984. Subsequent annual
23 reports shall be filed not later than June 1 of each year.

24 “(ii) Except as provided in subparagraph (B) and not-
25 withstanding any other provision of law, including section

1 552 of title 5, United States Code (commonly known as the
2 Freedom of Information Act), the Secretary of the Treasury
3 shall not disclose, except to the Congress, any information
4 required to be reported pursuant to this subparagraph.

5 “(B) Not later than the first October 1 occurring more
6 than ninety days after the date of the enactment of this sub-
7 section and not later than each October 1 occurring after
8 such October 1, the Secretary of the Treasury shall submit to
9 the Committee on Banking, Housing, and Urban Affairs of
10 the Senate and to the Committee on Banking, Finance and
11 Urban Affairs of the House of Representatives a report on
12 the total number of contracts reported pursuant to subpara-
13 graph (A) and the total amount of offsets required by such
14 contracts. Such report shall contain a breakdown of offsets by
15 category of defense material or defense services involved and
16 by recipient country.

17 “(2) For purposes of this subsection—

18 “(A) the term ‘offset’ means any international
19 transaction between a buyer and seller that provides
20 nonmonetary compensation which may include, but not
21 be limited to, the transfer of production or technology
22 to the buyer as a consideration for the purchase of a
23 particular item or service; and

24 “(B) the term ‘person’ means any individual, sole
25 proprietorship, partnership, or corporation.

1 “(3) This subsection shall cease to be effective five years
2 after the date of the enactment of this subsection.

3 “(f) The Secretary of Defense shall report to the Com-
4 mittee on Banking, Housing, and Urban Affairs of the Senate
5 and to the Committee on Banking, Finance and Urban Af-
6 fairs of the House of Representatives any memorandum of
7 understanding or similar agreement which involves actual,
8 planned, or potential offsets in contracts involving the sale of
9 defense articles or services in excess of \$5,000,000 not later
10 than 30 days after the Secretary of Defense signs such
11 memorandum of understanding.”.

○